

Message Text

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PAGE 01 REYKJA 00907 140112Z
ACTION EUR-12

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R 131001Z JUL 78
FM AMEMBASSY REYKJAVIK
TO SECSTATE WASHDC 8550
INFO SECDEF WASHDC
JCS WASHDC
CNO WASHDC
CSAF WASHDC
CINCLANT NORFOLK VA
COMICEDEFOR KEFLAVIK IC
USMISSION USNATO
USNMR SHAPE
USDEL MC BRUSSELS

C O N F I D E N T I A L REYKJAVIK 0907

E.O. 11652: GDS
TAGS: MARR, IC
SUBJECT: JOINT USE TERMINAL AT KEFLAVIK

REF: STATE 171517 DTG 071604Z JUL 78

1. EMBASSY WELCOMES OPPORTUNITY TO COMMENT ON REFTEL.
2. WE BELIEVE IT SHOULD BE POSSIBLE TO OPEN TALKS WITH ICELANDERS ON JOINT USE TERMINAL SOMETIME IN OCTOBER. HOWEVER, NEW ICELANDIC GOVERNMENT MAY NOT BE INSTALLED BEFORE LATE AUGUST OR EARLY SEPTEMBER. THEREFORE, WE MAY NOT BE ABLE TO MAKE OUR INITIAL APPROACH TO GOI ON MEETING PLACE, TIME AND AGENDA BEFORE EARLY SEPTEMBER. TO AVOID UNDUE SLIPPAGE IN OUR OWN TIMETABLE, BECAUSE OF THIS UNCERTAINTY, WE SHOULD MOVE AHEAD WITH OUR OWN PLANNING IN ORDER TO BE ABLE TO CONVEY OUR THOUGHTS TO NEW GOVERNMENT AS SOON AS IT IS FORMED.

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3. QUESTION POSED PARA 3 REFTEL MAY BE DIFFICULT TO ANSWER PRIOR TO EXPLORATORY DISCUSSIONS WITH ICELANDIC COUNTERPARTS. HOWEVER, FOLLOWING PRELIMINARY COMMENTS ARE KEYED TO THOSE QUESTIONS:

A. WE BELIEVE CENTRAL ELEMENT OF TALKS WILL BE ESTABLISHMENT OF PASSENGER TRAFFIC LOAD TERMINAL MAY

BE EXPECTED TO HANDLE IN LIGHT INCREASED TRANS-ATLANTIC COMPETITION ICELANDIC AIRLINES IS ENCOUNTERING. SINCE ICELANDERS WILL HAVE TRAFFIC PROJECTIONS OF THEIR OWN, WE SHOULD BE PREPARED TO COMPARE OUR ESTIMATES WITH THEIRS IN INTEREST OF ESTABLISHING AGREED DATA ON BASIS OF WHICH TERMINAL SIZE, CAPACITY AND FACILITIES CAN BE DEVELOPED. DESIGN OF BUILDING SHOULD BE FLEXIBLE ENOUGH TO PERMIT LOW-COST, MODIFICATION BY ICELANDERS IN FUTURE IF REQUIRED.

B. WE WOULD EXPECT ICELANDERS TO FOCUS ON CIVILIAN ASPECTS OF TERMINAL AND LOOK TO US TO COME UP WITH SPECIFIC DESIGN PROPOSALS TO MEET CONTINGENCY MILITARY REQUIREMENTS.

C. COST ESTIMATES OF TERMINAL CANNOT BE ESTABLISHED UNTIL WE HAVE BETTER IDEA OF SIZE OF FACILITY AND OF FINANCING ICELANDERS WILL BE PREPARED TO PUT INTO IT. SINCE SIGNIFICANT PORTION OF TOTAL COST OF TERMINAL WILL BE BORN BY ICELANDIC TAXPAYERS AND SINCE ICELANDERS ARE ALREADY AWARE THAT USG CONTRIBUTION IS NOT RPT NOT OPEN-ENDED, WE THINK THERE IS GOOD CHANCE THAT GOI WILL NOT OPT FOR GRANDIOSE SCHEME. DIVISION OF COSTS WOULD HAVE TO BE WORKED OUT IN BILATERAL DISCUSSIONS.

D. ALTHOUGH LOCAL CONSTRUCTION COSTS ARE HIGH, GOI WILL PROBABLY NOT AGREE TO CONSTRUCTION (AS DISTINCT FROM DESIGN) WORK PERFORMED BY ANYONE OTHER
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THAN ICELANDERS. IF THERE ARE MODELS OUT OF U.S. DOMESTIC OR OVERSEAS CONSTRUCTION EXPERIENCE WHICH MIGHT BE APPLICABLE TO INTERNATIONAL AIRLINE REQUIREMENTS OF ICELAND, IT WOULD BE USEFUL TO HAVE THEM AVAILABLE FOR PRESENTATION. WE SHOULD NOT FEEL BOUND BY DANISH AND FRENCH DESIGNS PREPARED IN PAST. WE ASSUME USG WILL SEEK TO HAVE AMERICAN PRODUCTS AND OFF-THE-SHELF PLANS USED TO GREATEST EXTENT POSSIBLE.

4. QUESTION THAT WILL ULTIMATELY HAVE TO BE ADDRESSED IS DISPOSITION OF EXISTING TERMINAL AND OTHER ASSOCIATED JOINT-USE BUILDINGS AND FACILITIES. SINCE BOTH GOVERNMENTS, UNDER TERMS OF 1974 MOU, HAVE SEPARATION OF COMINGLED PHYSICAL FACILITIES AS COMMON OBJECTIVE, US SIDE MAY WISH LAY GROUNDWORK FOR DISCUSSION AT APPROPRIATE TIME OF THIS ASPECT OF OUR RELATIONS. IN DOING SO, HOWEVER, WE WILL WANT TO AVOID RAISING IN PROPOSED TALKS ON JOINT USE TERMINAL EXTRANEIOUS ISSUES WHICH MIGHT COMPLICATE OR DELAY IMPLEMENTATION OF PRESIDENTIAL DECISION TO WHICH WE ARE COMMITTED.

5. COMICEDEFOR'S COMMENTS ON REFTEL BEING CONVEYED

SEPTTEL.

BLAKE

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NNN

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